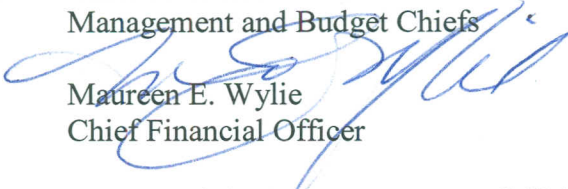




UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
CHIEF FINANCIAL OFFICER

February 5, 2008

MEMORANDUM FOR: Chief Financial Officers
Management and Budget Chiefs

FROM: 
Maureen E. Wylie
Chief Financial Officer

SUBJECT: CWIP Activity Manager Responsibilities

The purpose of this memo is to reiterate and update guidance on Construction Work-In-Progress (CWIP), the subject of several audit management letter comments and a reportable condition in past audits, so that it does not resurface as a deficiency. At the end of FY 2007, CWIP amounted to \$3.2 billion, which was almost one-fourth of the Department of Commerce's total assets. This memo will remind NOAA management of the CWIP Activity Manager responsibilities, including their responsibility to adhere to the established NOAA CWIP policy and procedures for CWIP projects. As a follow-up to the mandatory annual CWIP training requirement for all CWIP Activity Managers, NOAA continued to have several audit issues in CWIP. Therefore, there will be additional controls implemented and documentation updates during FY2008, including, but not limited to, the following responsibilities.

Please remind your respective staff and management of their responsibilities and that all CWIP Activity Managers and designated financial representatives for CWIP must:

1. thoroughly understand the NOAA CWIP policies and procedures set forth on the NOAA Finance Office CWIP website listed below detailing all specifics listed in this memo;
2. complete mandatory CWIP training annually (CFO/M&B Chief notification for those who have not completed the mandatory training);
3. ensure all CWIP projects are set up as CWIP correctly at the onset of the project or take corrective action immediately when a CWIP project setup incorrectly has been identified;
4. ensure all CWIP projects are tracked properly by utilizing the exclusive CWIP CBS project code numbering structure;
5. capture and allocate correctly all costs, both capital and expense, and maintain all documentation necessary to support all CWIP amounts on the CBS CWIP Report (CA500D) and reported in the Form NF37-6 "Report of Personal/Real Property Constructed";



6. maintain a CWIP documentation file, including copies of invoices and CBS reports, ensure the files are complete and accurate and support the full CWIP costs of the project, and verify that the documentation in the CWIP documentation files agrees to the most current CBS CWIP Report (CA500D) by project/task and fiscal year;
7. conduct monthly reviews of the CBS CWIP Report (CA500D), verify the accuracy of CBS project code balances, object class coding, and dollar amounts and take corrective actions for any project codes not following the exclusive CWIP CBS project code numbering structure and negative “uncapitalized costs” amounts;
8. reconcile CWIP balances, on a monthly basis, using the required CWIP Reconciliation Template, for all costs in the CWIP activity file to the CBS CWIP Report (CA500D), ensuring completeness and accuracy for all CWIP costs (exclude all undelivered order balances from the reconciled balances);
9. ensure that all differences and adjustments necessary to the CBS CWIP Report (CA500D) are identified properly on the reconciliation template, explained in adequate detail and resolved within four weeks of noted difference;
10. ensure CFO/M&B Chiefs review and certify the accuracy and completion of the monthly CWIP reconciliations, prior to forwarding to the Finance Office;
11. ensure timely submission of monthly CFO/M&B Chief-approved CWIP reconciliations to Finance Office-Financial Statements Branch (Germantown);
12. ensure CFOs review and certify the accuracy and completion of all Form NF37-6 “Report of Personal/Real Property Constructed” for completed CWIP projects, prior to forwarding to the Finance and/or Property Offices (new for FY2008);
13. ensure timely submission of CFO-approved Form NF37-6 “Report of Personal/Real Property Constructed” to transfer costs of CWIP projects immediately once a constructed property item is placed into service to Finance Office-Financial Statements Branch (Germantown);
14. ensure revisions of the projected CWIP completion dates are sent to the appropriate NOAA personnel, responsible for maintaining the CWIP project listing, on a timely basis;
15. ensure impairment analysis is performed annually, at a minimum, on all active CWIP projects (both real and personal property), as part of the monthly CWIP reconciliation reviews, and notify Finance Office-Financial Statements Branch (Germantown) so the appropriate financial statement adjustments can be recorded (annual requirement – new for FY2008);
16. identify amounts prepaid or advanced for CWIP projects where work is not completed and notify Finance Office-Financial Statements Branch (Germantown) so the appropriate financial statement adjustments can be recorded (new for FY2008);

Note – these responsibilities also apply to CWIP Activity Mangers assigned to Internal Use Software in Development (IUSD) projects.

In summary, CWIP Activity Managers and designated financial representatives for CWIP have the responsibility for CWIP financial and budgetary activities and for the accuracy of the valuation of the CWIP asset. Detailed CWIP responsibilities can be found on NOAA's Finance Office CWIP website at <http://www.corporateservices.noaa.gov/%7efinance/CWIP.html>. The oversight responsibilities of CFO/M&B Chief and a *Line Office CFO/M&B Chief CWIP Reconciliation Review Check List* are also available at that site.

Thank you for your continued diligence in this area. If you have any questions, please contact Mark P. Miller at (301) 444-2704.

cc: Zeke Dennison
Andy Duran
Candace Myers
Jon P. Alexander
Mark P. Miller